



Alliance for Water Stewardship Assessment Report

Prepared for BRITISH AMERICAN TOBACCO (BAT) LTDA. –

BRAZIL / Santa Cruz do Sul Factory

Prepared by: SGS

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REPORT DETAILS


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REPORT TITLE	ALLIANCE FOR WATER STEWARDSHIP ASSESSMENT REPORT
DATE SUBMITTED:	20 th January, 2022
CLIENT:	BRITISH AMERICAN TOBACCO (BAT) LTDA. Santa Cruz do Sul Factory. Rio Grande do Sul. BRAZIL. elias_dresch@bat.com
AUDIT TEAM:	15 th – 16 th December, 2021, 12 th – 13 th January, 2022 Lead Assessor/ Expert Hydrogeologist/Local Assessor: <ul style="list-style-type: none"> Jorge Peñaranda (JP) – onsite Support Assessor (expert): <ul style="list-style-type: none"> Ursula Antúnez de Mayolo (UA) – offsite / virtual
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STATUS	FINAL
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1 EXECUTIVE SUMMARY

The scope of services covers the assessment in compliance with the AWS International Water Stewardship Standard Standard Version 2.0 for BRITISH AMERICAN TOBACCO (BAT) LTDA. (BAT SCS) for their Santa Cruz do Sul Factory, Rio Grande do Sul, Brazil. The assessment has been completed in compliance with AWS Certification Requirements v 2.0 December 2019 and is a “full” conformity assessment.

British American Tobacco is a company that manufactures tobacco leaf for sale to different national cigarette producers, and for export. It has operations world-wide, and in Brazil they established BRITISH AMERICAN TOBACCO (BAT) LTDA.

Given the document review undertaken, verification of evidence and on-site audit performed, SGS recommends that BAT SCS is granted a certificate for a cycle of 3 years to be AWS “CORE” Certified to the Version 2.0 of the AWS standards. Next audit will be the yearly surveillance assessment.

There were 2 minor non-conformances raised during the course of the audit process.

2 SCOPE OF ASSESSMENT

The scope of services covers the assessment to the AWS International Water Stewardship Standard Version 2.0 (CORE Level) for BRITISH AMERICAN TOBACCO (BAT) LTDA. (BAT SCS) for their Santa Cruz do Sul Factory, Rio Grande do Sul, Brazil. The assessment has been completed in compliance with AWS Certification Requirements v 2.0 December 2019.

The assessment was conducted hybrid due to the health situation imposed by the pandemic, the audit was structured in two parts, with a total duration of 2.5 days by the Lead Auditor, Jorge Peñaranda, that is also Local auditor as he is a Hydrogeologist based in Brazil, and 0.5 day support of expert auditor, Ursula Antunez de Mayolo:

- Remote document review on 16th and 17th December of 2021 (half day each day), by the Lead auditor who is also Local Brazilian auditor.
- On site visit the 12th and 13th of January of 2022 (1.5 days), by the Lead auditor who is also Local Brazilian auditor. Also, on the 13th January 2022, there was virtual support for findings review and closing meeting, by expert auditor, Ursula Antunez de Mayolo.

The geographical scope has been only the Santa Cruz do Sul Factory. The water used is mostly from groundwater from the Paraná Guarani Aquifer.

The audit was announced in 3 places:

- AWS webpage: Posted by SGS, published 31st October 2021
- Company LinkedIn: Posted by the client the 12th November 2021
https://www.linkedin.com/posts/british-american-tobacco_a-usina-santa-cruz-do-sul-est%C3%A1-se-candidatando-activity-6865030154696081408-6fVt
- Company Instagram: Posted by the client, on 12th November 2021
https://www.instagram.com/p/CWMKpc8PiFJ/?utm_source=ig

The audit interviews were held for BAT SCS and stakeholders over 1.5 days for their water efficiency projects, WASH activities in the community, etc. BAT SCS and the stakeholders provided the requested supporting documentation as evidence whilst interviewed.

The external stakeholders visited and interviewed onsite were during the audit:

- UNISC (Universidade de Santa Cruz do Sul) A university that has collaborated directly with BAT SCS on water-related projects for at least a decade. Highlights would be the research and preservation projects of 300 hectares of a forest area donated by BAT-

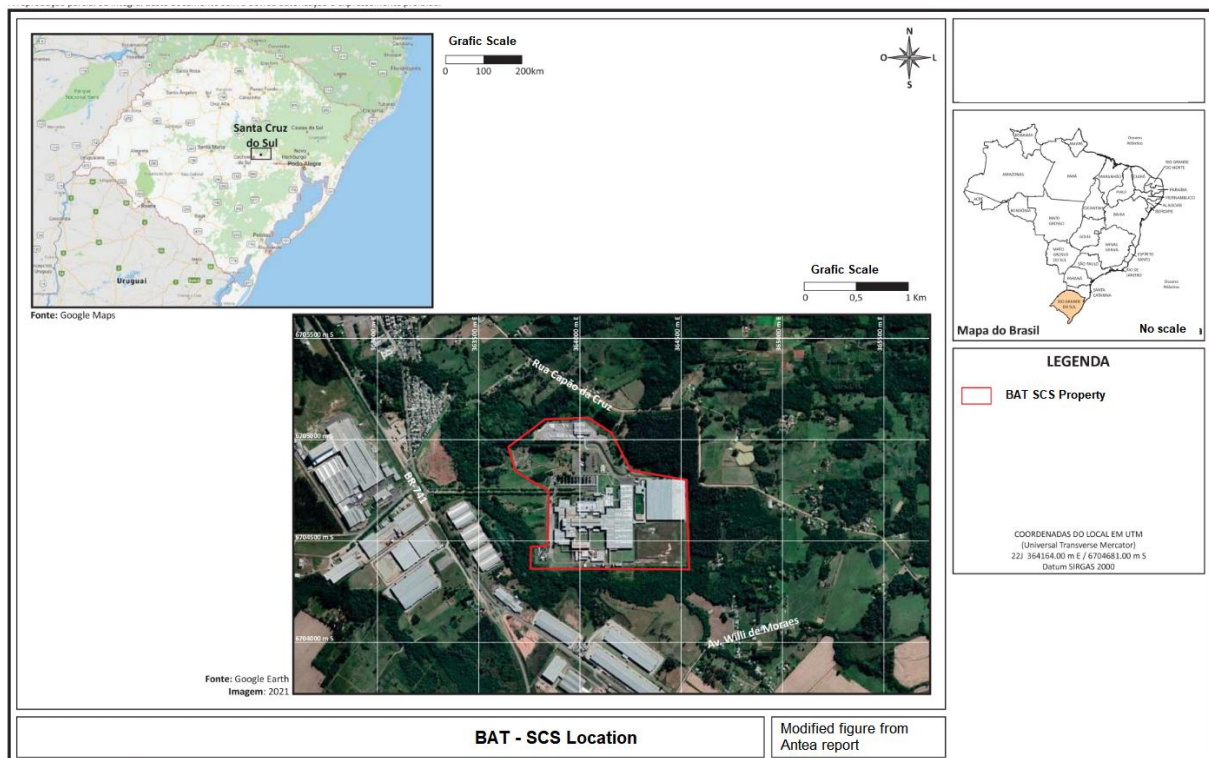
SCS 15 years ago. On the day of the visit, the announcement was made that this area will soon serve as a release area for recovered wild animals.

- Family tobacco growers. A visit was made to one of the tobacco plantations, where it was possible to verify the entire process of harvesting, drying, and drip irrigation. In addition to other aspects related to care with the maintenance and improvement of the quality and quantity of water used on the property.

The internal stakeholders visited and interviewed onsite were during the audit: BAT SCS personnel of different areas, such as:

- site management,
- projects,
- maintenance,
- environmental,
- sustainability,
- production,
- and others

Figure 1: Diagram of the Santa Cruz do Sul Factory



3 PHYSICAL SCOPE AND DESCRIPTION OF CATCHMENT

The facility has more than 100 hectares. It started operations in 1996. Before that, it was farming areas. The company Souza Cruz has more than 100 years operating in Santa Cruz do Sul, but in another site. Through the area, it runs the "Arroio Levis Pedroso" which is a creek. The site has several facility maps provided last updated in 2020. There called "localizacao Souza" which shows the neighbours. There are suitable maps that show the boundaries of the property. The boundaries are limited by fences, and on the south side, the creek "Arroio Levis Pedroso". The creek flows to the site from the south east, and leaves the site at the north west. The stormwater (rainwater) is released to this creek. For emergency system, they have an artificial lagoon fed by rainwater, that also is connected to the creek.

They have 3 water wells within the site for water for production for the site. The water of the 3 water wells go to the "Castelo de Agua" which is a water tank with capacity 450 m³. The site has a map of the location of the 3 water wells, showing the "castelo de agua" and the altitude of the areas to understand the flow. There are no other water wells on the site. The site has the licenses of the 3 water wells, and is applying to the SIOUT state new permission system which is a Rio Grande do Sul requirement.

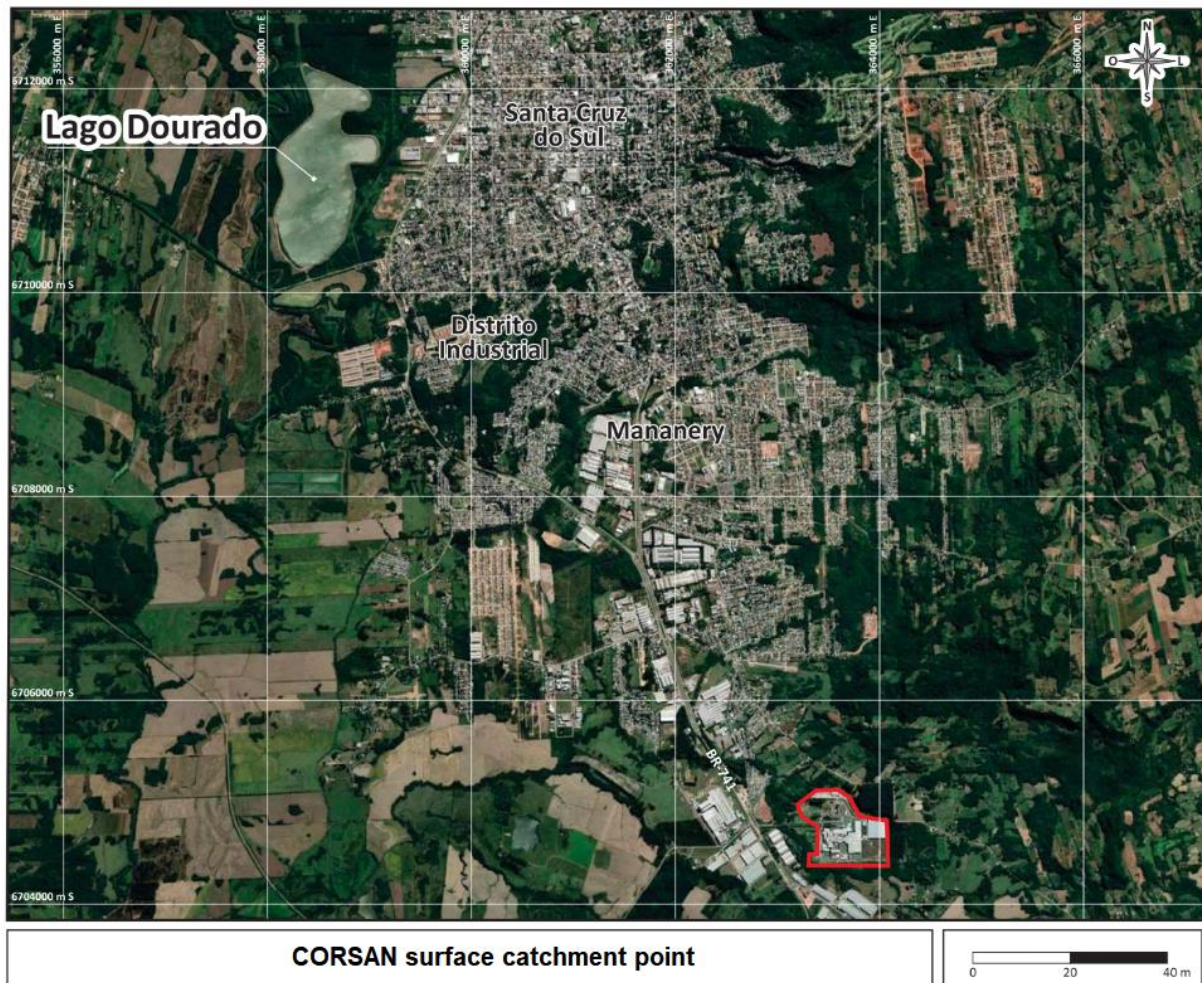
For all uses, other than toilet flushing and the manufacture of tobacco, the water supplied by the public water company is consumed municipal water source for drinking water of CORSAN which is the municipal supplier. Rainwater is only used for fire emergency system, but not for industrial or drinking water.

There are suitable maps showing all the sanitary areas (toilets) across the facility as well as the WWTP. The effluents are discharged to the creek, and the license allows it. There is no irrigation of the effluents to the forest within the site, as the current level of rainfall appears to be sufficient for the vegetation. They don't have a wastewater service provider.

The water source for the 3 water wells is the Guaraní aquifer, that is part of a sedimentary basin called Bacia do Paraná. The preliminary basic groundwater catchment model indicates that the recharge area is local, driven by a vertical contribution. The surface catchment (Bacia) is the "Bacia do Rio Pardo" which is part of the "Bacia do Guaíba" that crosses the state of Rio Grande do Sul, flowing to the "Laguna dos Patos" that ends the Atlantic Ocean at the city of Rio Grande. The creek "Levis Pedroso" flows to the Rio Pardo that is a tributary to the Rio Pardo. Then Rio Pardo is tributary of Rio Jacuí and finally to the Rio Guaíba that ends at the Laguna dos Patos which is at the coastal area of the Atlantic.

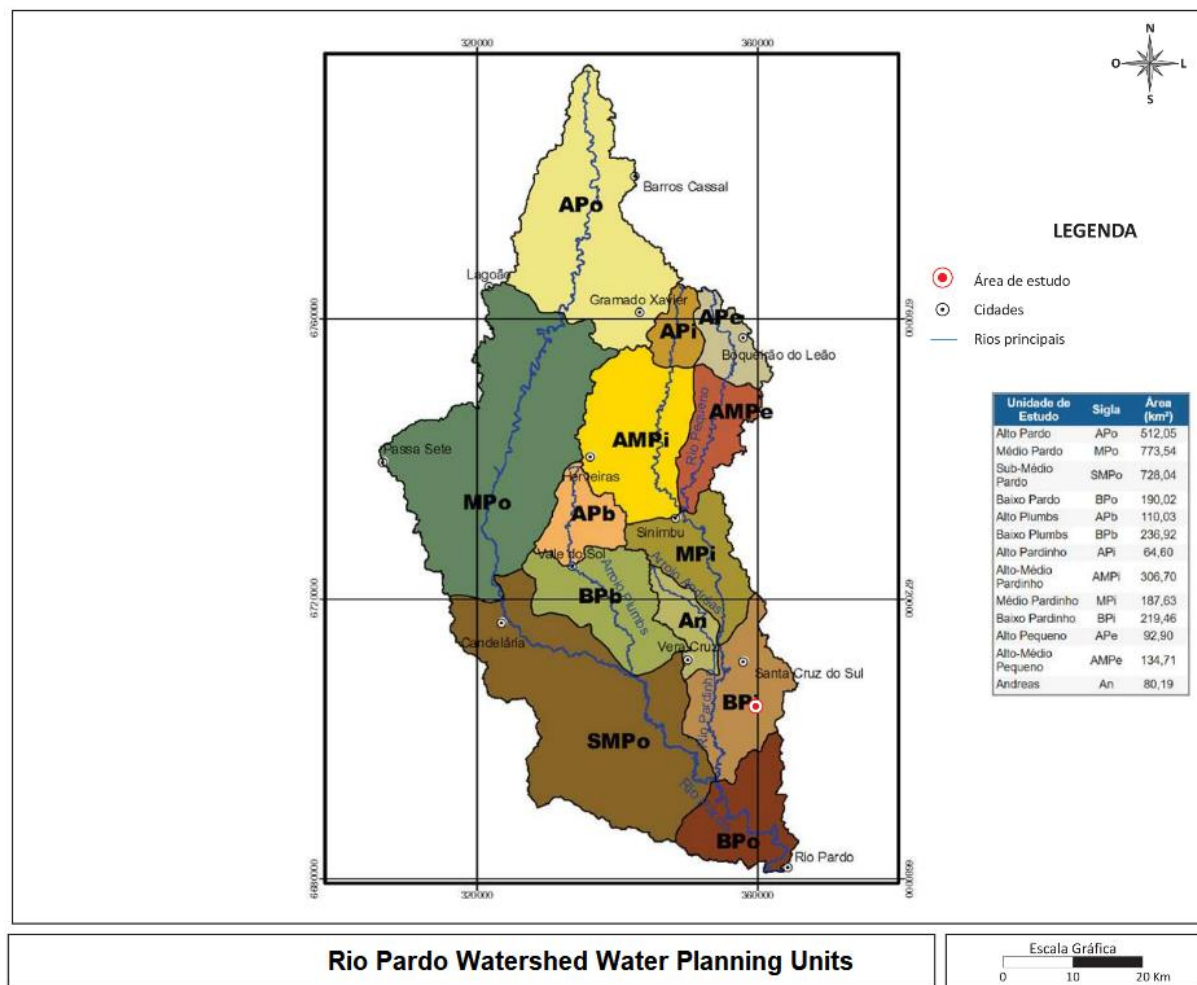
The drinking water from CORSAN is from the "Lago Dorado" which is connected to Rio Pardinho. CORSAN also has some water wells, but the major percentage is from the surface water. It is a legal requirement to use the drinking water from the municipal supplier.

Figure 2: Diagram CORSAN's Lago Dourado catchment from system (Modified from Antea Report)



The unit is located in the Guaíba Hydrographic Region, which was divided into 9 Hydrographic Basins. BAT SCS is located within the G090 unit - Rio Pardo Watershed. The Pardo River Basin is divided into 13 counties. Its source is located to the north of the municipality of Barros Cassal, about 700 m of altitude and its mouth in the Rio Jacuí, next to the city of Rio Pardo

Figure 3: Map of the Rio Pardo catchment or watershed



4 SUMMARY OF SHARED WATER CHALLENGES

The document "Relatório etapa A - Comitê Bacia Pardo" of 2005 establishes the shared water challenges for the catchment. Potential shared water challenges of the catchment / aquifer:

- Lack of precise information of the characteristics of the aquifer
- High salinity naturally of the groundwater
- In the region, there may be groundwater wells that are not registered, and therefore, there could be higher extraction than the records
- Water quality of the catchment, as there is pollution arising from cattle and agriculture
- Land use change, deforestation and degradation of riparian areas

5 INDICATORS CHECKLIST

As per the requirement set out in the AWS certification requirements Section 2.11.3.1 it was prepared a checklist of all the CORE AWS indicators with the relevant reviewed evidence provided by BAT SCS and the indicator with which it is associated. The checklists were aligned to the clauses / indicators of the AWS standard Version 2.0. See checklist as follows:

Cl.	Details	Y	N	Comments/Evidence
1	GATHER AND UNDERSTAND			
1.1	Gather information to define the site's physical scope for water stewardship purposes, including: its operational boundaries; the water sources from which the site draws; the locations to which the site returns its discharges; and the catchment(s) that the site affect(s) and upon which it is reliant.			
1.1.1	<p>The physical scope of the site shall be mapped, considering the regulatory landscape and zone of stakeholder interests, including:</p> <ul style="list-style-type: none"> - Site boundaries; - Water-related infrastructure, including piping network, owned or managed by the site or its parent organization; - Any water sources providing water to the site that are owned or managed by the site or its parent organization; - Water service provider (if applicable) and its ultimate water source; - Discharge points and waste water service provider (if applicable) and ultimate receiving water body or bodies; - Catchment(s) that the site affect(s) and is reliant upon for water. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The facility has more than 100 hectares. It started operations in 1996. Before that, it was farming areas. The company Souza Cruz has more than 100 years operating in Santa Cruz do Sul, but in another site. Through the area, it runs the "Arroio Levis Pedroso" which is a creek. The site has several facility maps provided last updated in 2020. They also have a map called "localizacao Souza" which shows the neighbours. They show the boundaries of the property. The boundaries are with fences, and on the south side, the creek "Arroio Levis Pedroso". The creek flows to the site from the south east, and leaves the site at the north west. The stormwater (rainwater) is released to this creek. For emergency system, they have an artificial lagoon fed by rainwater, that also is connected to the creek.</p> <p>They have 3 water wells within the site for water for production for the site. The water of the 3 water wells go to the "Castelo de Agua" which is a water tank with capacity 450 m3. The site has a map of the location of the 3 water wells, showing the "castelo de agua" and the altitude of the areas to understand the flow. There are no other water wells on the site. They have the licenses of the 3 water wells. Now, they are applying to the SIOUT state new permission system which is a Rio Grande do Sul requirement.</p> <p>They have the municipal water source for drinking water of CORSAN which is the municipal supplier. Rainwater is only used for emergency system, but not for industrial or drinking water.</p> <p>They have a map showing all the sanitary areas (toilets) across the facility as well as the WWTP. The effluents are discharged to</p>

Cl.	Details	Y	N	Comments/Evidence
				<p>the creek, and the license allows it. There is no irrigation of the effluents to the forest within the site, as the current level of rainfall appears to be sufficient for the vegetation. They don't have a wastewater service provider.</p> <p>The water source for the 3 water wells is the Guaraní acuífer. The catchment (Bacia) is the "Bacia do Rio Pardo" which is part of the "Bacia do Guaíba" that crosses the state of Rio Grande to Sul, flowing to the "Laguna dos Patos" that ends the Atlantic Ocean at the city of Rio Grande. The creek "Levis Pedroso" flows to the Rio Pardo that is a tributary to the Rio Pardo. Then Rio Pardo is tributary of Rio Jacuí and finally to the Rio Guaíba that ends at the Laguna dos Patos which is at the coastal area of the Atlantic.</p> <p>The drinking water from CORSAN is from the "Lago Dorado" which is connected to Rio Pardo. CORSAN also has some water wells, but the major percentage is from the River. It is a legal requirement to use the drinking water from the municipal supplier, if it is available.</p>
1.2	Understand relevant stakeholders, their water-related challenges, and the site's ability to influence beyond its boundaries.			
1.2.1	<p>Stakeholders and their water-related challenges shall be identified. The process used for stakeholder identification shall be identified. This process shall:</p> <ul style="list-style-type: none"> - Inclusively cover all relevant stakeholder groups including vulnerable, women, minority, and Indigenous people; - Consider the physical scope identified, including stakeholders, representative of the site's ultimate water source and ultimate receiving water body or bodies; - Provide evidence of stakeholder consultation on water-related interests and challenges; - Note that the ability and/or willingness of stakeholders to participate may vary across the relevant stakeholder groups; - Identify the degree of stakeholder engagement based on their level of interest and influence. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site prepared the map called "Localizacao Souza" which shows the neighbours, such as other factories (metals, tobacco, others) and warehouses. This is an industrial area, but has also urban areas and forest areas. They also have a stakeholder matrix for the Integrated management system for environment and H&S, but it is not specific to water topics which are the 5 outcomes of the water stewardship of AWS.</p> <p>The stakeholder matrix of the integrated management system includes: public entities, persons publicly exposed, workers, tobacco growers, external suppliers, clients BAT and no-BAT, domestic market, BAT corporate, neighbours / community, commercial partners of tobacco, competitors, employees, insurance companies, etc.</p> <p>The "Instituto Souza Cruz" which is a Souza Cruz Foundation for implementing sustainability projects in the community or for protecting biodiversity. Also, one of the aims of the Instituto Souza Cruz is keeping the youth in the area / farming activities to continue with the family business with the programme "Novos Rurais".</p>

Cl.	Details	Y	N	Comments/Evidence
				The tobacco growers are organized through AFUBRA which is the association of Tobacco Farmers of Rio Grande do Sul, Paraná y Santa Catarina.
1.2. 2	Current and potential degree of influence between site and stakeholder shall be identified, within the catchment and considering the site's ultimate water source and ultimate receiving water body for wastewater.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Stakeholder definition work was carried out by a consultancy specializing in vulnerability assessment. In the report there is a stakeholder classification matrix that compares the degree of influence and power versus interest. BAT used this matrix as a basis, but also applied its criteria and interests to define the stakeholders it works with as a priority.
1.3	Gather water-related data for the site, including: water balance; water quality, Important Water-Related Areas, water governance, WASH; water-related costs, revenues, and shared value creation.			
1.3. 1	Existing water-related incident response plans shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have an incident/ emergency response plan called "Atendimento de Emergência na Unidade de Processamento de Fumo de Santa Cruz do Sul" of 04/07/2020. It covers situations of chemical spills and infrastructure damage due to storms, as well as other situations. In 2019, it was conducted a full review and maintenance to validate that all the containment areas for chemical spills were functional and appropriate. Brazil is not an area of earthquakes. The incident/ emergency response plan is a requirement for the environmental license for the sites.</p> <p>For drinking water, their water storage average at the tank within the site is 150 m3, therefore, it lasts for about 10-15 days.</p> <p>There is an internal BAT emergency plan prepared in November 2021 that addresses risks to the supply or quality of the ground and surface water source. The main risks deduced from the SVA (source Vulnerability Assessment) and the internal BAT experience. The name of the document is " Plano de Emergência SCS" It establishes from the probability of risk to the action, communication, and the area responsible for the action.</p> <p>Also there is an emergency plan from CORSAN (the local public water company). There is great concern about the eutrophication of the Lake. There is a contingency that CORSAN can cover. Eutrophication is also placed by BAT in the contingency plan. There would be internal actions to drastically reduce use and look for an external water supplier.</p>

Cl.	Details	Y	N	Comments/Evidence
1.3. 2	Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>In the water balance 2019 "Balanço Hídrico da Souza Cruz de Julho de 2018 à Julho de 2019" it is shown the 2 water inputs, which are CORSAN for drinking water (24,293 m3) and the extraction from the 3 internal water wells (69,291 m3). Both quantities are metered.</p> <p>As output, it was calculated the effluent which is 42,589 m3 measured with a flowmeter on a continuous basis. The effluent is then subdivided for Boilers, Cooling Towers, Toilets, Canteen and Processing, through estimations. Finally, the water consumption would be the differential of inputs vs. outputs, which is 50,995 m3 (about 55% of the total). This consumption is for evaporation / steaming, water embedded in the final product, and human consumption.</p> <p>The site fills the global tool of the Environmental Data Management "Credit 360" for their Targets KPI which tracks the environmental performance indicators. The consumption for 2019 was 100,882 m3 (1st December 2018 to 30th November 2019). The target for 2019 was 113,387 m3 for the site. So the site, was below the target. There is a section for water topics, reporting: Total water withdrawn, municipal /3rd party water supplier, renewable groundwater and total water discharged. In their case, the discharge should be all in "Water Discharge to Fresh Surface Water", however, 3,480 m3 were input in fresh surface water, and 31,898 m3 were in municipal / 3rd party treatment plant.</p> <p>Water consumption is the differential between the water withdrawal and water discharged. The tool is filled quarterly and shared with the leadership team and sent to BAT for the internal tracking and global goal setting.</p> <p>Observation 01: The water balance does not include the water contained in the tobacco leaf (humidity of the leaf at receipt at the factory) that enters to the system to be processed, compared to the humidity of the final product. The differential in tobacco industry is low, however, could be calculated in order to have more precision on the water balance.</p>
1.3. 3	Site water balance, inflows, losses, storage, and outflows, including indication of annual variance in water usage rates, shall be quantified. Where there is a water-related challenge that would be a threat to good water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have data of the global tool "Credit 360" since 2015, so they show the historic for Q1 to Q4 since 2015 to 2020. Previously they had another tool.</p>

Cl.	Details	Y	N	Comments/Evidence
	balance for people or environment, an indication of annual high and low variances shall be quantified.			<p>Water scarcity is not a challenge for the Guarani aquifer.</p> <p>Observation 02: The water discharge at the KPI tool should be reviewed in order to input it in the applicable category (Water Discharge to Fresh Surface Water). An internal BAT communication was shown that showed that there will be an adjustment of the credit 360 referring to the item "Discharge to Fresh Surface Water". The inclusion is to be made at the beginning of the current year 2022</p>
1.3.4	Water quality of the site's water source(s), provided waters, effluent and receiving water bodies shall be quantified. Where there is a water-related challenge that would be a threat to good water quality status for people or environment, an indication of annual, and where appropriate, seasonal, high and low variances shall be quantified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have an inventory of chemicals of the site "Inventario de Productos Quimicos" which is an excel spreadsheet. This is updated twice a year.</p> <p>Furthermore, they have the Safety Data Sheets (SDS) of all chemical products on-site in a shared folder in the intranet.</p> <p>The chemicals are stored in special warehouses / rooms as required by regulations.</p> <p>Note that the site keeps only small amounts of chemicals on the facility, as it is only for the laboratory and for water/WW treatment</p>
1.3.5	Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have an inventory of chemicals of the site "Inventario de Productos Quimicos" which is an excel spreadsheet. This is updated twice a year.</p> <p>Furthermore, they have the Safety Data Sheets (SDS) of all chemical products on-site in a shared folder in the intranet.</p> <p>The chemicals are stored in special warehouses / rooms as required by regulations.</p> <p>Note that the site keeps only small amounts of chemicals on the facility, as it is only for the laboratory and for water/WW treatment</p>
1.3.6	On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have the creek "Arroio Levis Pedroso" that flows through the site.</p> <p>Also, they have a park within the facility "Parque Ambiental Souza Cruz do Sul" of 65 hectares. The objectives are to preserve the environment, enrichment of fauna and flora, among others.</p> <p>There is a concrete relationship with the local university UNISC. Among the projects of interest to BAT's research is the study of</p>

Cl.	Details	Y	N	Comments/Evidence
				the Pedroso stream, especially in relation to water quality, including the discussion on the eventual re-classification
1.3.7	Annual water-related costs, revenues, and a description or quantification of the social, cultural, environmental, or economic water-related value generated by the site shall be identified and used to inform the evaluation of the plan in 4.1.2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have the bills of the water-related costs for: Water service provider, effluent treatment chemicals and outsourced operation, monitoring of the water and wastewater parameter by external labs, invoices of external consultant hydrogeologist for measuring the level of the groundwater wells. Potential fees for renewal of water licenses and use.</p> <p>They prepared an excel with the monthly expenses of drinking water supplier (CORSAN), and the other expenses are reflected in annual the budget.</p> <p>Other costs, non-quantified yet are the electricity / operation of the groundwater wells, and other water-related costs.</p> <p>The SVA measures using the "Circular Water Economy" methodology. The method has as its output the economic valuation.</p> <p>As social value, the average reused water generated by the Waste Water Treatment Plant corresponds to 36,066 m³/year, which means that BAT collaborates with leaves in the system this amount of water that otherwise would have been used by the site. The site estimated that this water saving is equivalent to the usage of 850 people for their basic needs.</p> <p>Also, related to specific internal value: A calculation was also made regarding the economic value generated by the reuse of water in the plant: in 2020 the expense of R\$ 67,061 was avoided</p>
1.3.8	Levels of access and adequacy of WASH at the site shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>For the water quality of the source, they have the quality tests for the drinking water performed by a third-party accredited laboratory. It shows that is free of Escherichia coli and coliforms (test of 10/09/2020) of 3 different sampling points.</p> <p>The site has appropriate hygiene facilities, sinks, toilets, etc. This is regulated in Brazil for industrial sites, such as minimum quantity of toilets per number of persons. They have the spreadsheet "Banheiros unidade SCS" which shows the detail of the quantity of toilets, sinks, showers, etc. Also, it is shown in a map of the facility the exact location of each toilet.</p>

Cl.	Details	Y	N	Comments/Evidence
1.4	Gather data on the site's indirect water use, including: its primary inputs; the water use embedded in the production of those primary inputs the status of the waters at the origin of the inputs (where they can be identified); and water used in out-sourced water-related services.			
1.4.1	The embedded water use of primary inputs, including quantity, quality and level of water risk within the site's catchment, shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The primary inputs for the site are tobacco, cartons and plastic for some packaging. Some of the tobacco farmers are in the same catchment. The carton manufacturer is in the State of Paraná and the plastic suppliers are from other states such as Sao Paulo, Minas Gerais or others, therefore, they are not in the catchment or guarani aquifer system.</p> <p>There is a study of the University of Pelotas, at Rio Grande do Sul, with information of the water footprint of the tobacco produced in the region.</p> <p>BAT Globally has the LEAF area which has "Sustainable agriculture and farmer livelihoods" that aims also to optimize the use of chemicals in tobacco farming and warehouses for storing fertilizer at the farms.</p> <p>The visit to one of the rural producers showed that this accounting is beginning to be done by measuring the producer's water consumption for the growth of his tobacco crop.</p> <p>Observation 03: Consider the water use values for the growth of plantations, in fact there is a pilot scale measurement of surface water consumption by drip in rural properties, as verified in the field. This parameterization is in progress for the near future.</p>
1.4.2	The embedded water use of outsourced services shall be identified, and where those services originate within the site's catchment, quantified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The outsourced services that they have are mostly for personnel contracted to work on-site, such as security, cleaning, canteen and WWTP operation, which is already accounted for in the site calculations. Transportation of raw material and final products is also outsourced.</p> <p>Opportunity for Improvement 01: Food consumed from a third party GRSA (meal supplier), but there is no quantification, nevertheless, some of the food may come from other catchments. They already have concrete numbers from the cardboard box supplier (Klabin), which need to be included in the future.</p>

Cl.	Details	Y	N	Comments/Evidence
1.5	Gather water-related data for the catchment, including: water governance, water balance, water quality, Important Water-Related Areas, infrastructure, and WASH			
1.5.1	Water governance initiatives shall be identified, including catchment plan(s), water-related public policies, major publicly-led initiatives under way, and relevant goals to help inform site of possible opportunities for water stewardship collective action.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The document "Relatório etapa A - Comitê Bacia Pardo" of 2005 is the catchment plan. Then, there was an update on some topics at the document "Bacia Hidrográfica do Rio Pardo / Plano de Bacia – 1ª Aproximação" of September 2018</p> <p>The Source Vulnerability Assessment report commissioned by BAT and carried out in the year 2021 with delivery in December 2021 is a consistent and solid document in line with the most relevant aspects of AWS for the themes of catchment plan(s), water-related public policies. The report assesses the water situation in the region of the unit and presents the potential vulnerabilities associated with the water supply at the industrial plant.</p>
1.5.2	Applicable water-related legal and regulatory requirements shall be identified, including legally-defined and/or stakeholder-verified customary water rights.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>SCS uses a BAT database assessment of applicability and compliance with legislation, and is registered in CAL 4.0®. 2020 annual report has been shown "Relatório de Visita VERIFICAÇÃO DE CONFORMIDADE LEGAL N. 054/20" where all legal requirements conformity are verified.</p> <p>The applicable legislation was identified in Antea's report. Shows item 8 of the report. The legal part of the SCS did not identify any non-compliance by the CAL 4.0 and ISO 14001 control system</p>
1.5.3	The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They do not have the historical data of the static and dynamic level of the groundwater from the groundwater wells.</p> <p>Important hydrogeologic information related to the wells has been shown at the "Outorgas Poços 1 2 e 3" and "Relatório Técnico - Poços 01 02 e 03 - Souza Cruz", but the site has not records or reports that show the production wells geological and construction profiles.</p> <p>A remote system for measuring water levels in the wells is being implemented, but for the moment there is manual monitoring reported on a daily basis. The site knows the wells.</p> <p>SVA report diagnoses an index of water stress in the basin. There is no stress. The balance was taken. There is no future shortage forecast at the moment. But the</p>

Cl.	Details	Y	N	Comments/Evidence
				<p>report also considers that the absence of groundwater information related to water quantity is a vulnerability itself</p> <p>Opportunity for Improvement 02: It may be beneficial to gather more detailed information about the aquifer and its properties and characteristics, among them, if the recharge area is related to the local watershed. This knowledge is to be expanded to map potential stakeholders and define common interests' actions</p> <p>The SVA report from Antea provides an understanding of the aquifer compared to the precedent level of information, especially related to the geological information. Despite the absence of good public information, the hydrogeological information can be improved by hydrogeological test on the groundwater wells. This test is to gather and understand two main aspects from the wells and the aquifer: degree of the hydraulic influence due to the withdraw, and a basic hydrogeological model to understand how and where the aquifer recharge happens</p>
1.5.4	Water quality, including physical, chemical, and biological status, of the catchment shall be identified, and where possible, quantified. Where there is a water-related challenge that would be a threat to good water quality status for people or environment, an indication of annual, and where appropriate, seasonal, high and low variances shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>For the 3 groundwater wells they have tests performed, well #1 has positive presence for Total Coliforms . The regulation Resolucao 420 establishes the parameters. The results show that not all the parameters are complying with the maximum thresholds of the local regulation. They were performed in September 2020 by a third party accredited laboratory.</p> <p>It was verified in the field that maintenance work is being carried out on well #3, which may improve some quality results, other activities of maintenance are being executed for the other wells including water level remote system for measurement.</p> <p>It doesn't seem to be any threats in the recharge area which, for now, is considered on the site. Or even within the area of influence that is considered for the wells.</p> <p>Opportunity for Improvement 03: There could be close surveillance of the chemical evolution of aquifer water quality, even if the use is restricted to production only and not human use.</p>
1.5.5	Important Water-Related Areas shall be identified, and where appropriate, mapped, and their status assessed including any threats to people or the natural environment,	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The document "Relatório etapa A - Comitê Bacia Pardo" of 2005 has a list of the IWRA's of the catchment. The park within</p>

Cl.	Details	Y	N	Comments/Evidence
	using scientific information and through stakeholder engagement.			<p>the site, is listed in this catchment plan report.</p> <p>The SVA has properly identified the important Related-areas at the Rio Pardo watershed, it enumerated 6 conservancy areas and the challenges and opportunities. Related to the stakeholder engagement the local university and BAT had several different projects on going is a specific area of 300 Hectares (which was a Souza Cruz donation to the community, and called Parque Ambiental Souza Cruz), and they are talking in a institutional way to implement a specific surface water resources study to be executed by UNISC.</p> <p>SVA trouxe isso (Item 7.4 Gerenciamento de recursos naturais). E o projeto de estudo da microbacia com a universidade.</p>
1.5.6	Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Water-related infrastructures are all those that capture, transport and distribute water on the site. They are well registered and mapped in documents, and photographs that have been evaluated. There should be no risks related to natural disasters such as earthquakes, or extreme events capable of causing flooding in the area, as there are no records of that kind of events.</p> <p>The SVA has done research on public data basis. There is a risk water atlas related to scarcity (as extreme event), as a first approach is applicable as a regional and general context. No public local information about flooding exists.</p> <p>Opportunity for Improvement 04: With the local water company to understand the water distribution infrastructure from abstraction to distribution and assess physical vulnerabilities to extreme events</p>
1.5.7	The adequacy of available WASH services within the catchment shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See 1.8.5
1.6	Understand current and future shared water challenges in the catchment, by linking the water challenges identified by stakeholders with the site's water challenges.			
1.6.1	Shared water challenges shall be identified and prioritized from the information gathered.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The document "Relatório etapa A - Comitê Bacia Pardo" of 2005 establishes the shared water challenges for the catchment.</p> <p>Potential shared water challenges of the catchment / aquifer could be:</p>

Cl.	Details	Y	N	Comments/Evidence
				<ul style="list-style-type: none"> - Lack of precise information of the characteristics of the aquifer - High salinity naturally of the groundwater - In the region, there may be groundwater wells that are not registered, and therefore, there could be higher extraction than the records - Water quality of the catchment, as there is pollution arising from cattle and agriculture - Land use change, deforestation and degradation of riparian areas <p>It is covered with SVA, with stakeholder engagement, and in the vulnerability table pg. 64. And in the 2020-2021 performance report, item 3.</p>
1.6.2	Initiatives to address shared water challenges shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The document "Bacia Hidrográfica do Rio Pardo / Plano de Bacia – 1ª Aproximação" of September 2018 explain the initiatives to address the shared water challenges.</p> <p>Based on the SVA report BAT created the Emergency Plan (Plano de emergência), and the Contingency Plan (Plano de Resiliência Hídrica)</p>
1.7	Understand the site's water risks and opportunities: Assess and prioritize the water risks and opportunities affecting the site based upon the status of the site, existing risk management plans and/or the issues and future risk trends identified in 1.6.			
1.7.1	Water risks faced by the site shall be identified, and prioritized, including likelihood and severity of impact within a given timeframe, potential costs and business impact.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site identifies the risks related to water at the Credit 360 tool for climate change risks. The risks identified was the drought (lower availability of water) but it is unlikely in probability in the long term (coming 5 years), but with high severity. This could affect the hydropower generation and drinking water by municipality. There is also the risk of "Payment for Underground Water Withdrawn (transition risk) as the water withdrawn is 80% of the consumption of the site. This was evaluated also as "about likely as not" in probability in the short-term (1-3 years), with a low severity.</p>
1.7.2	Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site identifies the opportunities related to water at the Credit 360 tool for climate change risks. The opportunities identified were:</p> <ul style="list-style-type: none"> - Energy Efficiency - New Boiler and high efficient electric engine

Cl.	Details	Y	N	Comments/Evidence
				<p>- Water Reuse through higher technology of wastewater treatment</p> <p>The tool also evaluates the savings and the financial figures.</p>
1.8	Understand best practice towards achieving AWS outcomes: Determining sectoral best practices having a local/catchment, regional, or national relevance.			
1.8.1	Relevant catchment best practice for water governance shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>There is a catchment committee "Comité do Bacia do Rio Pardo" established several years by Federal Mandate.</p> <p>The area where the site is located has several tobacco companies, and is a centre for tobacco farming of the world. Therefore, there are initiatives to work with the tobacco farmers through the sourcing department of each tobacco company.</p>
1.8.2	Relevant sector and/or catchment best practice for water balance (either through water efficiency or less total water use) shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The factories of the sector and catchment aim to improve the water efficiency and water re-use / recycle. Also, to have automatized monitoring of the water use.</p> <p>The tobacco companies have joint efforts with the farmers to improve water balance.</p>
1.8.3	Relevant sector and/or catchment best practice for water quality shall be identified, including rationale for data source.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The factories of the sector and/or catchment conduct water tests for quality of the groundwater and of the municipal water. Usually, they have WWTP for the effluents to comply with the local regulation.</p> <p>The tobacco companies have joint efforts with the farmers to improve water quality.</p>
1.8.4	Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The best practice for maintenance / improvement of IWRAS would be to protect an area on-site, and/or to support the protection of areas in the catchment. As Brazil has a high biodiversity, the companies tend to support programs related to nature, forest, biodiversity, water streams.</p>
1.8.5	Relevant sector and/or catchment best practice for site provision of equitable and adequate WASH services shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The sites best practice is to provide WASH services within their facilities.</p> <p>The Municipality of Santa Cruz do Sul provides a high level of water and effluent management to the community in general. Further regions of the state have a lower level of WASH, especially in the rural areas and poverty urban areas. For example in</p>

Cl.	Details	Y	N	Comments/Evidence
				Porto Alegre metropolitan area, about 60% of the population does not have full WASH.
2	COMMIT AND PLAN			
2.1	Commit to water stewardship by having the senior-most manager in charge of water at the site, or if necessary, a suitable individual within the organization head office, sign and publicly disclose a commitment to water stewardship, the implementation of the AWS Standard and achieving its five outcomes, and the allocation of required resources.			
2.1.1	<p>A signed and publicly disclosed site statement OR organizational document shall be identified. The statement or document shall include the following commitments:</p> <ul style="list-style-type: none"> - That the site will implement and disclose progress on water stewardship program(s) to achieve improvements in AWS water stewardship outcomes - That the site implementation will be aligned to and in support of existing catchment sustainability plans - That the site's stakeholders will be engaged in an open and transparent way - That the site will allocate resources to implement the Standard. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	They shown a public document aligned with the five outcomes of AWS. This document is signed by Head of GLAD & Leaf Latam South Souza Cruz Ltda BAT Brasi. Sergio Ricardo Pinto Pereira
2.2	Develop and document a process to achieve and maintain legal and regulatory compliance.			
2.1.1	<p>The site has an environmental policy for their EMS, that covers some of the requirements of water stewardship. The policy is available in the intranet and included in the integrated management system manual.</p> <p>It is also available at the webpage of BAT Brazil in: http://www.souzacruz.com.br/group/sites/SQU_AG6LVH.nsf/vwPagesWebLive/DOAG7H68 </p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site has an environmental policy for their EMS, that covers some of the requirements of water stewardship. The policy is available in the intranet and included in the integrated management system manual.</p> <p>It is also available at the webpage of BAT Brazil in: http://www.souzacruz.com.br/group/sites/SQU_AG6LVH.nsf/vwPagesWebLive/DOAG7H68 </p> <p>Minor non-conformance 01: The commitment could be more specific with regards to the 5 outcomes, as the IWRA's and WASH are included within the environmental protection, sustainable resource use and with the H&S section from the policy, however, they are not specifically mentioned. Furthermore, it can be included that the site implementation will be aligned to and in support of existing catchment sustainability plans and transparency in the engagement with stakeholder</p>

Cl.	Details	Y	N	Comments/Evidence
2.2.1	<p>The system to maintain compliance obligations for water and wastewater management shall be identified, including:</p> <ul style="list-style-type: none"> - Identification of responsible persons/positions within facility organizational structure - Process for submissions to regulatory agencies. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>For legal obligations, they use IUSNATURA which is a service of legal management for the site. The system is called "Cal 4.0". This platform identifies all the applicable regulations for the site. IUSNATURA sends monthly alerts by email of updated regulations.</p> <p>Then, each responsible of the site has a user in the system and fills the information regarding compliance.</p>
2.3	Create a water stewardship strategy and plan including addressing risks (to and from the site), shared catchment water challenges, and opportunities.			
2.3.1	A water stewardship strategy shall be identified that defines the overarching mission, vision, and goals of the organization towards good water stewardship in line with this AWS Standard.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	They have a Water Road Map with BAT globally, which involves their mission, vision and goals of the stie for good water stewardship
2.3.2	<p>A water stewardship plan shall be identified, including for each target:</p> <ul style="list-style-type: none"> - How it will be measured and monitored - Actions to achieve and maintain (or exceed) it - Planned timeframes to achieve it - Financial budgets allocated for actions - Positions of persons responsible for actions and achieving targets - Where available, note the link between each target and the achievement of best practice to help address shared water challenges and the AWS outcomes. 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Water Road Map 2020 includes the following projects for the site:</p> <ul style="list-style-type: none"> - Propose rain water use project; Consider contract external provider in search for water leaks. - Review canteen installations for improvements, through automatization of water taps and substitution of copper piping to PVC. - Improve Metering Strategy for 5 bigger consumers, through automatized metering in order to take immediate action at any leakage or deviation. - Site Water balance, prepared by an external expert to calculate exact consumptions and effluents 2019 & 2020, which was also requested by the state regulatory agency FEPAM and provided already. - Improvement in maintenance plan, which prevents leakage and increase water efficiency. <p>The strategic plan AWS SCS covers it and is aligned. At the page 12 there is a list of documents:</p> <ul style="list-style-type: none"> - Monitoring Plan and Progress Assessment of AWS - Resilience Plan - Emergency Plan - Water Resource Legislation Following Procedure - Hydric Resilience Plan - Emergency Plan

Cl.	Details	Y	N	Comments/Evidence
				<ul style="list-style-type: none"> - Procedure for Monitoring the Water Resources Legislation - Basic Information Update Procedure - Water Balance and Indirect Uses - Cultural, Social and Environmental Values - Vulnerability Mitigation Plan - Plano de Engajamento das Partes Interessadas - Stakeholder Engagement Plan - Communication Handbook for AWS
2.4.1	Demonstrate the site's responsiveness and resilience to respond to water risks			
2.4.1	A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have an emergency plan for their integrated management system "Atendimento de Emergência na Unidade de Processamento de Fumo de Santa Cruz do Sul" that includes chemical spills and prevention of pollution of soil and water sources, as well as fire situations of the factory and/or park.</p> <p>For resilience, the site started identifying the risks related to water at the Credit 360 tool for climate change risks.</p> <p>There is a document wrote in November 2021 related specifically to resilience called "Plano de Resiliência Hídrica". Operations EH&S drives it, that analyses the water-related actions under their contingency level, establishing different actions as the water risk increases (3 categories Green to red).</p>
3	IMPLEMENT			
3.1	Implement plan to participate positively in catchment governance.			
3.1.1	Evidence that the site has supported good catchment governance shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site participates of the catchment committee "Comité do Bacia do Rio Pardo". The frequency of the meetings is monthly at the "Secretaria de Meio Ambiente". They represent the industry in the meetings on the environmental section.</p> <p>Each tobacco farmer has a contract yearly with BAT for the specific quantity of tobacco that they will produce that season. Therefore, improvement actions are in place with all the farmers contracted every season. This is part of the GAP (Good Agriculture Practices) scheme that BAT has with all farmers (BPA - Boas Práticas de Agricultura)</p>

Cl.	Details	Y	N	Comments/Evidence
3.1.2	Measures identified to respect the water rights of others including Indigenous peoples, that are not part of 3.2 shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Client indicated there is no indigenous groups in the area
3.2	Implement system to comply with water-related legal and regulatory requirements and respect water rights.			
3.2.1	A process to verify full legal and regulatory compliance shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>for legal compliance, they use IUSNATURA which is a service of legal compliance check.</p> <p>IUSNATURA conducts every year an internal audit of compliance that last for a week. The results are presented in a report "compliance report". The last report was "Relatório de Visita</p> <p>VERIFICAÇÃO DE CONFORMIDADE LEGAL N. 054/20" of February 2020.</p> <p>The platform is permanently updated, as it includes the changes of the legal framework and compliance new information provided by the site.</p>
3.2.2	Where water rights are part of legal and regulatory requirements, measures identified to respect the water rights of others including Indigenous peoples, shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Client indicated there is no indigenous groups in the area
3.3	Implement plan to achieve site water balance targets.			
3.3.1	Status of progress towards meeting water balance targets set in the water stewardship plan shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site has yearly targets to reduce the water consumption. They have a project of water re-use within the site. They installed an automatized monitoring of the water use.</p> <p>Through the LEAF department of BAT, they established the "Programa Gestor de Recursos Hídricos" with the tobacco farmers. It facilitates the rainwater collection for using at the farms and installing cisterns.</p>
3.3.2	Where water scarcity is a shared water challenge, annual targets to improve the site's water use efficiency, or if practical and applicable, reduce volumetric total use shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water scarcity does not appear to be a challenge in the area
3.3.3	Legally-binding documentation, if applicable, for the re-allocation of water to social, cultural or environmental needs shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No legally-binding documentation for the re-allocation of water to social, cultural or environmental needs
3.4	Implement plan to achieve site water quality targets.			
3.4.1	Status of progress towards meeting water quality targets set in the water stewardship plan shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The site conducts water tests for quality of the groundwater and of the municipal water. They have WWTP for the effluents to comply with the local regulation.

Cl.	Details	Y	N	Comments/Evidence
				Through the LEAF department of BAT, they established the "Programa Gestor de Recursos Hídricos" with the tobacco farmers. This aims to reduce the pollution of water resources with runoff of pesticides and fertilizers.
3.4.2	Where water quality is a shared water challenge, continual improvement to achieve best practice for the site's effluent shall be identified and where applicable, quantified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The site has continual improvement for water quality, as they support programs with the farmers every year with all the farmers that they work with through the period.
3.5	Implement plan to maintain or improve the site's and/or catchment's Important Water-Related Areas.			
3.5.1	Practices set in the water stewardship plan to maintain and/or enhance the site's Important Water-Related Areas shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The site has within their land a forest/park for biodiversity protection "Parque Ambiental de Souza Cruz" which also includes the creek "Arroio Levis Pedroso". This park is also of public access, and they receive visitors of the community such as schools, university and researchers.
3.6	Implement plan to provide access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers at all premises under the site's control.			
3.6.1	Evidence of the site's provision of adequate access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers onsite shall be identified and where applicable, quantified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The site provides WASH services within their facilities for all workers and contractors. BAT provides information to the tobacco farmers about good practices for drinking water and sanitation at their homes. As the Municipality of Santa Cruz do Sul provides a high level of water and effluent management to the community in general, there is no need to support in this topic.
3.6.2	Evidence that the site is not impinging on the human right to safe water and sanitation of communities through their operations, and that traditional access rights for Indigenous and local communities are being respected, and that remedial actions are in place where this is not the case, and that these are effective.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3.7	Implement plan to maintain or improve indirect water use within the catchment.			
3.7.1	Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	With the tobacco farmers the maintenance and improvement actions are through the LEAF department.
3.7.2	Evidence of engagement with suppliers and service providers, as well as, when applicable, actions they have taken in the catchment as a result of the site's			With other suppliers such as paper products, they give priority to engage with suppliers that have a sustainable approach. Environmental Legal

Cl.	Details	Y	N	Comments/Evidence
	engagement related to indirect water use, shall be identified.			requirements and sustainable management is one of the criteria for contracting suppliers.
3.8	Implement plan to engage with and notify the owners of any shared water-related infrastructure of any concerns the site may have.			
3.8.1	Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>(Related to 3.7.1 and 3.7.2) With the tobacco farmers the maintenance and improvement actions are through the LEAF department.</p> <p>With other suppliers such as paper products, they give priority to engage with suppliers that have a sustainable approach. Environmental Legal requirements and sustainable management is one of the criteria for contracting suppliers.</p>
3.9	Implement actions to achieve best practice towards AWS outcomes: continually improve towards achieving sectoral best practice having a local/catchment, regional, or national relevance.			
3.9.1	Actions towards achieving best practice, related to water governance, as applicable, shall be implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site participates of the catchment committee "Comité do Bacía do Rio Pardo" established several years by Federal Mandate.</p> <p>Initiatives to work with the tobacco farmers through the sourcing department of each tobacco company.</p>
3.9.2	Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.			<p>The factories of the sector and catchment aim to improve the water efficiency and water re-use / recycle. Also to have automatized monitoring of the water use.</p> <p>The tobacco companies have joint efforts with the farmers to improve water balance.</p>
3.9.3	Actions towards achieving best practice, related to targets in terms of water quality shall be implemented.			<p>Water tests for quality of the groundwater and of the municipal water.</p> <p>WWTP for the effluents to comply with the local regulation.</p> <p>The tobacco companies have joint efforts with the farmers to improve water quality.</p>
3.9.4	Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.			<p>The site takes action through:</p> <ul style="list-style-type: none"> - Having the IWRA on-site of the park of native species
3.9.5	Actions towards achieving best practice related to targets in terms of WASH shall be implemented.			<p>The site takes action through:</p>

Cl.	Details	Y	N	Comments/Evidence
				<p>- Provide safe water drinking facilities to all the persons on site (workers and contractors)</p> <p>- Provide sanitation / hygiene facilities as per local regulation.</p>
4	EVALUATE			
4.1	Evaluate the site's performance in light of its actions and targets from its water stewardship plan and demonstrate its contribution to achieving water stewardship outcomes.			
4.1.1	Performance against targets in the site's water stewardship plan and the contribution to achieving water stewardship outcomes shall be evaluated.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site collects the data and fill the "Credit 360" tool that is for monitoring globally the water consumption and effluents. These are focused mostly on water quantity, effluent flow & recycling</p> <p>Effluents and stormwater are tracked through the compliance method.</p>
4.1.2	Value creation resulting from the water stewardship plan shall be evaluated.			<p>The SVA covers it, at the item 11.1. It was verified that there are non-tangible values (as cultural), but the table 11.2.2 shows economic internal savings and social related to water use WWTP efficiency.</p>
4.1.3	The shared value benefits in the catchment shall be identified and where applicable, quantified.			
4.2	Evaluate the impacts of water-related emergency incidents (including extreme events), if any occurred, and determine the effectiveness of corrective and preventative measures.			
4.2.1	A written annual review and (where appropriate) root-cause analysis of the year's emergency incident(s) shall be prepared and the site's response to the incident(s) shall be evaluated and proposed preventative and corrective actions and mitigations against future incidents shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The site did not have any emergency situation this year</p>
4.3	Evaluate stakeholders' consultation feedback regarding the site's water stewardship performance, including the effectiveness of the site's engagement process.			
4.3.1	Consultation efforts with stakeholders on the site's water stewardship performance shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They have the park within the site that is open to the public and the university researched about the species and biodiversity on the place.</p> <p>For internal BAT, they have the Credit 360 where they inform, and they get feedback.</p> <p>The SVA covers it, though the table 3.2.4 pg. 18 and the Stakeholder Engagement Plan. It was estimated the amount of water consumption per ton per year for cardboard box supplier (Klabin): 600L/Ton.</p> <p>Opportunity for Improvement 05: Engage with other internal stakeholders,</p>

Cl.	Details	Y	N	Comments/Evidence
				like canteen supplier, to understand water consumption and identify opportunities.
4.4	Evaluate and update the site's water stewardship plan, incorporating the information obtained from the evaluation process in the context of continual improvement.			
4.4.1	The site's water stewardship plan shall be modified and adapted to incorporate any relevant information and lessons learned from the evaluations in this step and these changes shall be identified.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The SVA report has a complex and detailed Potential Vulnerability Matrix engaged with mitigation actions and inspired BAT in its "Plano de Mitigação de Vulnerabilidades" (Vulnerability Mitigation Plan)
5	Matrix COMMUNICATE & DISCLOSE			
5.1	Disclose water-related internal governance of the site's management, including the positions of those accountable for legal compliance with water-related local laws and regulations.			
5.1.1	The site's water-related internal governance, including positions of those accountable for compliance with water-related laws and regulations shall be disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Disclosed with the "Plano Estratégico Alliance for Water Stewardship (AWS)" available at the BAT site and signed by Sérgio Ricardo Pinto Pereira Head of GLAD & Leaf Latam South
5.2	Communicate the water stewardship plan with relevant stakeholders.			
5.2.1	The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, shall be communicated to relevant stakeholders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>They share their information and Water Road Map with BAT corporate.</p> <p>The site Water balance, prepared by an external expert to calculate exact consumptions and effluents 2019 & 2020, which was provided to the state regulatory agency FEPAM, as it was a new requirement.</p> <p>The Water Stewardship Plan was communicated to the Local University (UNISC), public local supplier (CORSAN) and some tobacco farmers. Furthermore, during the site visit, the auditor confirmed with the stakeholders (local university, farmers, employees) that they were aware about the relevant actions of the Water Stewardship Plan.</p>
5.3	Disclose annual site water stewardship summary, including the relevant information about the site's annual water stewardship performance and results against the site's targets.			

Cl.	Details	Y	N	Comments/Evidence
5.3.1	A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The document "Relatório de Performance de Água" and signed by Sérgio Ricardo Head of GLAD & Leaf Latam South covers it. It is a public document with the objective to present the site performance water management from 2020 to 2021
5.4	Disclose efforts to collectively address shared water challenges, including: associated efforts to address the challenges; engagement with stakeholders; and co-ordination with public-sector agencies.			
5.4.1	The site's shared water-related challenges and efforts made to address these challenges shall be disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
5.4.2	Efforts made by the site to engage stakeholders and coordinate and support public-sector agencies shall be identified.			
5.5	Communicate transparency in water-related compliance: make any site water-related compliance violations available upon request as well as any corrective actions the site has taken to prevent future occurrences.			
5.5.1	Any site water-related compliance violations and associated corrections shall be disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The regulators make public the permits granted to the facilities; therefore, their information is available transparently. Also, any violation is available at the portal, but they had none in the portal.</p> <p>Minor non-conformance 02: It was verified the presence of phosphate in concentrations above the reference value in the wastewater of the WWTP. There is an action plan for release adequacy that has been documented with the public control body FEAN. By the end of 2022, the reused water project for the WWTP should return to the system and definitively eliminate the discharge to the environment.</p>
5.5.2	Necessary corrective actions taken by the site to prevent future occurrences shall be disclosed if applicable.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Non applicable, as there was no non-compliance water-related.
5.5.3	Any site water-related violation that may pose significant risk and threat to human or ecosystem health shall be immediately communicated to relevant public agencies and disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	They did not have any water-related violation that may pose significant risk and threat to human or ecosystem health. And the site confirmed that they did not have any water-related violation on the last year

5.1 AUDIT TRAILS

The strategy of BAT SCS prioritized with a specialized consultancy in the analysis in water vulnerability assessment that made a general analysis of the threats in a report called “Avaliação de Vulnerabilidade das Fontes de Água”, the following stand out: groundwater balance, water valuation from the perspective of consumption savings by the WWTP (wastewater treatment plant) and its social impact due to savings.

At the same time, BAT researched with the same consultants on vulnerabilities to water sources, highlighting the resilience plan in the event of a total interruption of the supply of water from the wells. BAT SCS developed the “Plano de Emergencia SCS” (Emergency Plan SCS) which is a document that addresses quality and quantity risks to water in both systems (groundwater and surface water), how to identify the signs of risk, with preventive actions, and corrective actions, and those responsible for them.

BAT SCS applied its internal management experience by creating an action monitoring table called the “Plano de Mitigação de Vulnerabilidades - SCS” (Vulnerability Mitigation Plan) in which threats are classified by their relative degree of severity, the actions, those responsible, the area of the company responsible for it, schedule and costs. That is, there is a plan in execution based on the threats and opportunities that are mapped so far.

Among the most important challenges is knowing the aquifer in more detail, beyond the general hydrogeological context. It is mainly a matter of numerically assessing specific hydraulic aspects of the production wells that, under the analysis of a hydrogeologist, bring more than a basic hydrogeological model of the local aquifer, in addition to the areas of influence / interference between the BAT wells, or even external ones. As well as future estimates of the behavior of the local aquifer in terms of growth scenarios in production demand. Or medium and long-term changes in the amounts of groundwater available due to water shortages caused by climate change and by increased demand in the area where BAT SCS is located. The monitoring of aquifer water levels needs to be definitively implemented, in order to generate graphs that allow understanding trends that threaten the groundwater sustainability. Greater knowledge of the aquifer implies the potential for interaction with stakeholders that use the same resource at the watershed.

BAT-SCS produced a report with a external consultant “Avaliação de Vulnerabilidade das Fontes de Água” (Water Vulnerability Assessment) where it is included a table that lists the shared water challenges that BAT-SCS shares with different stakeholders that can have influence at the Rio Pardo catchment. This is a preliminary assessment (desktop study) to identify and prioritize water-related stakeholders including non-governmental organizations (NGOs), universities, major water users, municipalities, etc. The list of stakeholders (Stakeholders) related to water are presented in the table below. For each stakeholder, its mission, water-related challenges, and priorities were included. A qualitative assessment was also carried out to verify the perception in relation to BAT-SCS

Table 1: Summary of Relevant Stakeholders, shared challenges at the catchment

Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
CNRH - Conselho Nacional de Recursos Hídricos	Órgão Governamental	Nacional	O Conselho Nacional de Recursos Hídricos é um órgão colegiado, consultivo e deliberativo, integrante da estrutura regimental do Ministério do Meio Ambiente (MMA) que promove a articulação do planejamento dos recursos hídricos com os planejamentos nacional, regional, estadual e dos setores usuários.	As decisões tomadas pelo CNRH afetam o gerenciamento dos recursos hídricos a nível nacional e estadual, já que o estado precisa se adequar às deliberações federais.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.
ANA – Agência Nacional de Águas e Saneamento Básico	Órgão Governamental	Nacional	Atua na regulação, monitoramento, planejamento e aplicação da lei aos recursos hídricos em caráter federal.	Regula os usos e cobranças sobre os recursos hídricos e usos da água.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.
SEMA – Secretaria do Meio Ambiente e Infraestrutura	Órgão Governamental	Estadual	A SEMA tem como missão formular e coordenar a política estadual de proteção e conservação do meio ambiente e de gerenciamento dos recursos hídricos e articular as políticas de gestão dos recursos ambientais, visando ao desenvolvimento sustentável no Estado do Rio Grande do Sul.	As decisões tomadas pela SEMA afetam diretamente o abastecimento de água da unidade, bem como o descarte de efluentes tratados.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.

Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
FEPAM – Fundação Estadual de Proteção Ambiental Henrique Luiz Roessler	Órgão Governamental	Estadual	A FEPAM é uma entidade vinculada a SEMA e sua missão é atuar na fiscalização, licenciamento, desenvolvimento de estudos e pesquisas e execução de programas e projetos voltados a assegurar a proteção e preservação do meio ambiente do Estado do Rio Grande do Sul.	Como parte do SEMA, a FEPAM tem influência direta nas atividades da unidade que causam impacto em no meio ambiente e recursos naturais renováveis.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.
CONSEMA – Conselho Estadual do Meio Ambiente	Órgão Governamental	Estadual	O CONSEMA tem por finalidade deliberar sobre diretrizes e políticas e estabelecer normas regulamentares e técnicas, padrões e outras medidas de caráter operacional para a preservação e conservação do meio ambiente e dos recursos ambientais.	O CONSEMA está, também, vinculado à SEMA e tem influência direta nas atividades da unidade que causam impacto no meio ambiente e nos recursos naturais.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.
SEMAM – Secretaria Municipal de Meio Ambiente, Saneamento e Sustentabilidade	Órgão Governamental	Municipal	A SEMAM tem como missão formular e coordenar a política municipal de proteção e conservação do meio ambiente e de gerenciamento dos recursos hídricos e articular as políticas de gestão dos recursos ambientais, visando ao desenvolvimento sustentável em Santa Cruz do Sul.	As decisões tomadas pela SEMAM afetam diretamente o abastecimento de água da unidade, bem como o descarte de efluentes tratados.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.
CMMASB – Conselho Municipal do Meio Ambiente e Saneamento Básico	Órgão Governamental	Municipal	O CMMASB tem por finalidade deliberar sobre diretrizes e políticas e estabelecer normas regulamentares e técnicas, padrões e outras medidas de caráter operacional para a preservação e conservação do meio ambiente e dos recursos ambientais.	A CMMASB está vinculada à SEMAM e tem influência direta nas atividades da unidade que causam impacto no meio ambiente e nos recursos naturais.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada.

Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
CRH – Conselho de Recursos Hídricos do Rio Grande do Sul	Órgão Governamental	Estadual	O CRH promove o aperfeiçoamento dos mecanismos de planejamento, compatibilização, avaliação e controle dos Recursos Hídricos do Estado, tendo em vista os requisitos de volume e qualidade necessários aos seus múltiplos usos.	Como órgão estadual de gerenciamento dos recursos hídricos, as decisões tomadas pelo CRH impactam diretamente a quantidade e qualidade da água utilizada pela unidade.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada
Comitê Pardo - Comitê de Gerenciamento da Bacia Hidrográfica do Rio Pardo	Órgão Governamental	Regional	O Comitê Pardo é um ente do Sistema Nacional de Gestão dos Recursos Hídricos, constituem o "Parlamento das Águas", espaço em que representantes da comunidade de uma bacia hidrográfica discutem e deliberam a respeito da gestão dos recursos hídricos compartilhando responsabilidades de gestão com o poder público.	O comitê de bacia gera muitas informações relacionadas a qualidade e quantidade dos recursos hídricos. Ele também faz a mediação de discussões relacionadas ao tema, permitindo a participação do setor da indústria na tomada de decisões.	O comitê vê a BAT como um importante usuário de água e um aliado forte. A participação da unidade nos fóruns de discussão é bem-vinda e até mesmo apreciada.
CORSAN – Companhia Riograndense de Saneamento	Setor Público	Estadual	A CORSAN é a entidade de Santa Cruz do Sul responsável pelo abastecimento de água e pelo esgotamento sanitário do município.	Como fonte suplementar da planta da BAT, a CORSAN tem grande influência no abastecimento de água da unidade.	Para a concessionária a unidade é um importante cliente.
Greenpeace	Organização Não-Governamental	Nacional	O Greenpeace tem a missão de proteger a biodiversidade em todas as suas formas; prevenir a poluição do ar, das águas e da terra; acabar com a ameaça nuclear e enfrentar as mudanças climáticas e promover a paz, o desarmamento global e a não-violência.	A ONG possui ótimas conexões com outros usuários de águas, bem como de investidores. Possui conhecimentos que podem ajudar bastante na execução de projetos de sustentabilidade de recursos hídricos	Como um usuário significativo de água e devido a influência que possui, a ONG pode enxergar a unidade como aliada na proteção dos recursos hídricos.
WWF – World Wide Fund	Organização Não-Governamental	Nacional	O objetivo principal da WWF é mudar a atual trajetória de degradação ambiental	A ONG possui ótimas conexões com outros usuários de águas, bem como de investidores. Possui conhecimentos que	Como um usuário significativo de água e devido a influência que possui, a ONG pode enxergar a

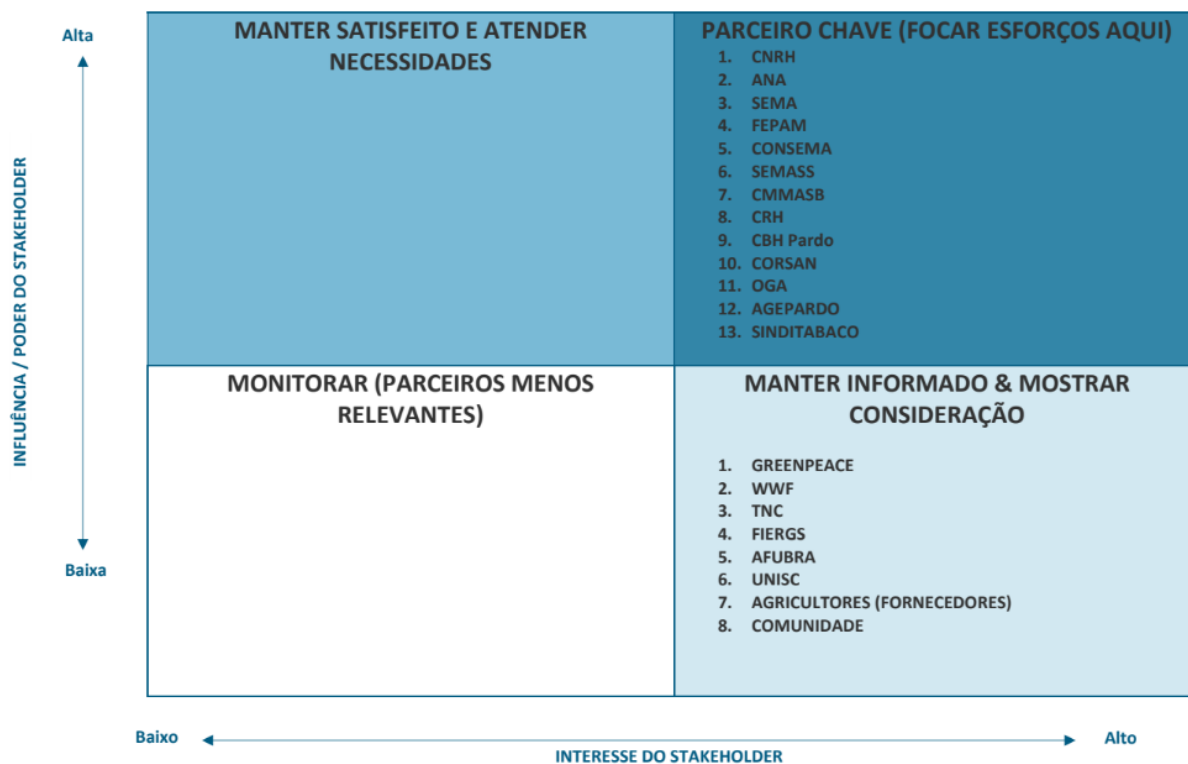
Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
			e promover um futuro no qual a sociedade e natureza vivam em harmonia.	podem ajudar bastante na execução de projetos de sustentabilidade de recursos hídricos	unidade como aliada na proteção dos recursos hídricos.
TNC – The Nature Conservancy	Organização Não-Governamental	Nacional	A TNC tem como missão proteger as terras e águas das quais toda a vida depende.	A ONG possui ótimas conexões com outros usuários de águas, bem como de investidores. Possui conhecimentos que podem ajudar bastante na execução de projetos de sustentabilidade de recursos hídricos	Como um usuário significativo de água e devido a influência que possui, a ONG pode enxergar a unidade como aliada na proteção dos recursos hídricos.
OGA – Observatório das Águas	Organização Não-Governamental	Nacional	O OGA tem como missão gerar, sistematizar, analisar e difundir informações das práticas de governança das águas pelos atores e instâncias do SINGREH, por meio do acompanhamento de suas ações. Possui um conselho deliberativo formado por organizações que não possuem funções de gestão ou regulação municipal, estadual ou federal, bem como um conselho consultivo formado por órgãos gestores nacionais e estaduais, agência de bacias, secretarias de meio ambiente e recursos hídricos, comitês de bacias, fóruns de comitês de bacias e conselhos de recursos hídricos.	Por ser formado pela Associação Brasileira de Recursos Hídricos (ABRHidro); Fundação SOS Mata Atlântica; Instituto Democracia e Sustentabilidade (IDS/SP); Instituto Portas Abertas (ES); Instituto Rios Brasil (AM); Instituto Trata Brasil; O Nosso Vale! A Nossa Vida (RJ); WWF-Brasil e The Nature Conservancy (TNC) a OGA tem grande influência no cenário de recursos hídricos brasileiro.	Como um usuário significativo de água e devido a influência que possui, o OGA pode enxergar a unidade como aliada na proteção dos recursos hídricos.
FIERSGS – Federação das Indústrias do Estado do Rio Grande do Sul	Entidade Civil	Estadual	A FIERSGS representa o setor industrial do estado do Rio Grande do Sul e atua na defesa de seus interesses local e nacionalmente. A instituição oferece às empresas mineiras assessoria e apoio em áreas vitais como crédito e	O stakeholder defende os interesses da unidade e possui maior influência do que a BAT sozinha.	O stakeholder vê a BAT como um importante parceiro e parte associada essencial.

Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
			financiamento, tributária, meio ambiente e trabalhista.		
AGEPARDO - Associação Pró-Gestão das Águas da Bacia Hidrográfica do Rio Pardo	Entidade Civil	Estadual	A AGEPARDO é uma associação jurídica de direito privado, sem fins lucrativos, que atua na área da Bacia Hidrográfica do Rio Pardo, mantendo uma estrutura técnica e administrativa para executar a contratação de prestadores de serviços técnicos por projeto e/ou serviços demandados pelo Comitê Pardo, quando necessário.	O stakeholder defende os interesses da unidade e possui maior influência do que a BAT sozinha.	O stakeholder possui mais poder e influência que a unidade, mas pode vê-la como uma boa aliada
AFUBRA – Associação dos Fumicultores do Brasil	Entidade Civil	Nacional	A AFUBRA foi criada por produtores de tabaco com a intenção de unir os produtores e visar os interesses na comercialização de tabaco e no auxílio de eventuais prejuízos nas lavouras de fumo causados por granizo, a incêndios em estufas e falecimento de associados ou familiares inscritos.	O stakeholder defende os interesses da unidade e possui maior influência do que a BAT sozinha. Além de fazer parte do Comitê Pardo.	O stakeholder vê a BAT como um importante parceiro e parte associada essencial.
SindiTabaco - Sindicato Interestadual da Indústria do Tabaco	Indústria	Regional	O Sinditabaco garante a sustentabilidade do setor e representa os interesses comuns da indústria do tabaco.	O stakeholder defende os interesses da unidade e possui maior influência do que a BAT sozinha. Além de fazer parte do Comitê Pardo.	O stakeholder vê a BAT como um importante parceiro e parte associada essencial.
Agricultores produtores de tabaco (fornecedores)	Entidade Civil	Regional	Os fornecedores de matéria-prima da unidade da BAT-SCS possuem um grande impacto no seu uso indireto de água.	Como a maior parte desses produtores está localizada na área-alvo, é importante que a unidade atue junto a eles visando aumentar a eficiência no uso da água e reduzir os	A unidade é um cliente do stakeholder. Assim, a BAT-SCS pode colaborar e influenciar boas práticas relacionadas a recursos hídricos.

Parte Interessada	Membro organizacional (Governo, ONG, Indústria etc.)	Escopo Geográfico	Missão relacionada a água, desafios e prioridades	Importância para o Cliente	Percepção da Parte Interessada (stakeholder) sobre o Cliente
				riscos de contaminação dos recursos hídricos.	
UNISC – Universidade de Santa Cruz do Sul	Setor Público	Municipal	A UNISC é uma fundação pública, integrante da Administração Federal Indireta, vinculada ao Ministério da Educação (MEC). Tem como missão desenvolver o ensino, a pesquisa e a extensão de forma integrada, realizando a função de produzir e disseminar as ciências, as tecnologias, as inovações, as culturas e as artes, e de formar cidadãos críticos e comprometidos com a ética, a democracia e a transformação social.	O stakeholder é um parceiro importante na busca por informações relacionadas à saúde da área alvo, uma vez que desenvolve estudos ambientais na região.	O stakeholder vê a BAT como uma parceira importante na realização de projetos na região.
Comunidade	População	Municipal	A comunidade de Uberlândia é abastecida pelo CORSAN, o qual abastece parcialmente a unidade da BAT. Adicionalmente, outros usuários, assim como a unidade, também utilizam água subterrânea para suprir sua demanda.	A realização de ações e projetos junto à comunidade evidenciam o comprometimento da BAT com a conservação dos recursos hídricos, criando uma relação de confiança e reduzindo a probabilidade de conflitos.	O stakeholder pode enxergar a BAT como competidora pelo recurso hídrico.

Also in this report was deduced a stakeholder degree of influence as a guide to BAT concentrate effort. This matrix is represented by the Figure 4 bellow.

Figure 4: Stakeholder influence/power/Interest matrix



6 AUDIT FINDINGS

The topics of the findings raised during this certification audit were discussed with the site. There were 2 minor non-conformances raised during the audit process. Observations and opportunities for improvement were also identified, as per detailed below:

Table 6.1. Non-Conformances raised during the AWS audit process

N°	Type	Ref.	Details	Action Proposed by Client
1	Minor Non-Conformance	2.1.1	The commitment could be more specific with regards to the 5 outcomes, as the IWRA's and WASH are included within the environmental protection, sustainable resource use and with the H&S section from the policy, however, they are not specifically mentioned. Furthermore, it can be included that the site implementation will be aligned to and in support of existing catchment sustainability plans and transparency in the engagement with stakeholder.	Root Cause: The client considered that it was sufficient with the current content, as for other management systems. Action proposed by the client: The site will update the commitment and have it available
2	Minor Non-Conformance	5.5.1	It was verified the presence of phosphate in concentrations above the reference value in the wastewater of the WWTP.	Root Cause: The environmental local regulator changed the parameters recently and therefore, the site sent to the regulator the action plan and timeframes to implement it. Action proposed by the client: There is an action plan for release adequacy that has been documented with the public control body FEAN. By the end of 2022, the reused water project for the WWTP should return to the system and definitively eliminate the discharge to the environment.

Observation 01 (Clause 1.3.2) The water balance does not include the water contained in the tobacco leaf (humidity of the leaf at receival at the factory) that enters to the system to be processed, compared to the humidity of the final product. The differential in tobacco industry is low, however, could be calculated in order to have more precision on the water balance.

Observation 02 (Clause 1.3.3): The water discharge at the KPI tool should be reviewed in order to input it in the applicable category (Water Discharge to Fresh Surface Water). An internal BAT communication was shown that showed that there will be an adjustment of the credit 360 referring to the item "Discharge to Fresh Surface Water". The inclusion is to be made at the beginning of the current year 2022

Observation 03 (Clause 1.4.1): Consider the water use values for the growth of plantations. There is a pilot scale measurement of surface water consumption by drip in rural properties, as verified in the field. This parameterization is in progress for the near future.

7 SUMMARY

In reviewing the evidence presented by BAT SCS, it was confirmed that they implemented their water stewardship system appropriately through the interviews and visits to the plant and the stakeholders. This was accompanied with the documentary evidence and actions to address the changes to version 2.0.

There were 2 minor non-conformances raised. Observations and Opportunities for Improvement were made during the audit, these are to be considered as areas for improvement which will be reviewed in future surveillance audit.

8 OPPORTUNITIES FOR IMPROVEMENT

Opportunity for Improvement 01 (Clause 1.4.2): Food consumed from a third party GRSA (meal supplier), but there is no quantification, nevertheless, some of the food may come from other catchments. They already have concrete numbers from the cardboard box supplier (Klabin), which need to be included in the future.

Opportunity for Improvement 02 (Clause 1.5.3): It may be beneficial to gather more detailed information about the aquifer and its properties and characteristics, among them, if the recharge area is related to the local watershed. This knowledge is to be expanded to map potential stakeholders and define common interests' actions.

The SVA report from Antea provides an understanding of the aquifer compared to the precedent level of information, especially related to the geological information. Despite the absence of good public information the hydrogeological information can be improved by hydrogeological test on the groundwater wells. This test is to gather and understand two main aspects from the wells and the aquifer: degree of the hydraulic influence due to the withdraw, and a basic hydrogeological model to understand how and where the aquifer recharge happens

Opportunity for Improvement 03. (Clause 1.5.4) There could be close surveillance of the chemical evolution of aquifer water quality, even if the use is restricted to production only and not human use.

Opportunity for Improvement 04. (Clause 1.5.6.) The SVA has done research on public data basis. There is a risk water atlas related to scarcity (as extreme event), as a first approach is applicable as a regional and general context. No public local information about flooding exists. Opportunity: with the local water company to understand the water distribution infrastructure from abstraction to distribution and assess physical vulnerabilities to extreme events.

Opportunity for Improvement 05 (Clause 4.3.1): Engage with other internal stakeholders, like canteen supplier, to understand water consumption and identify opportunities.

9 CONCLUSIONS AND RECOMMENDATIONS

Given the evidence reviewed at the audit performed, SGS recommends that BAT SCS Brazil gets certified for a CORE 3-year cycle version 2.0., with annual surveillance audits.

10 REFERENCES

- Commitment letter
- Diagram Santa Cruz do Sul Factory
- Satellite map of surrounding area
- Map of catchment
- Water Stewardship Strategy / Plan
- Records for communications with stakeholders
- Emergency and Resilience plans
- Water Balance
- Records about projects with the farmers and at site
- Licenses for each of the water wells
- Monitoring records for each well
- Laboratory tests of external lab for each monitoring point
- Other support documents